

THE FEDERAL SAVINGS BANK



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A Message from Ted Rood:

"As usual, the Fed statement had minimal, but cryptic changes. What else is new?"

UPDATE: Notable Changes in FOMC Statement

With the exception of only one word, all of the changes in today's FOMC Announcement occur in the first paragraph. here's a run-down:

- The word "suggests" was changed to "indicates" in the opening line saying that information received since the last meeting indicates that economic activity has been expanding moderately.
- Whereas the previous statement noted the previous quarter was "little changed" in terms of the pace of job gains and unemployment, the current statement says "the labor market continued to improve, with solid job gains and declining unemployment."
- Housing sector has shown "additional" improvement vs last month showing "some" improvement.
- Fed removed a line about energy prices appearing to have stabilized.

Now, what about that weird, rogue word added to the 3rd paragraph? Again, it's the only extra word in the entire final 5 paragraphs. Here's the phrase in question with the new word in all-caps:

"The Committee anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen **SOME** further improvement in the labor market"

Is this the Fed's sneaky way of saying "we're getting close to having seen enough?" I don't know, but it seems like some attempt at metering and quantifying how much labor market improvement is needed to motivate a rate hike. If you ask me, this was a VERY carefully considered addition to the statement, and one that I think clearly leaves the door open for a September hike. Looks like billions of dollars of trades disagree, so take it for what it's worth.

MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 5.0	99.37	+0.02
MBS GNMA 5.0	99.93	+0.02
10 YR Treasury	3.9068	+0.0029
30 YR Treasury	4.1960	+0.0028

Pricing as of: 9/1 7:34PM EST

Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.43%	+0.02	0.00
15 Yr. Fixed	5.95%	0.00	0.00
30 Yr. FHA	5.82%	+0.02	0.00
30 Yr. Jumbo	6.62%	0.00	0.00
5/1 ARM	6.28%	-0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.51%	-0.65	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 8/30



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